

To Members of the California State Senate:

I am returning Senate Bill 1601 without my signature.

Government Agencies at all levels are struggling to meet their pension obligations due to a number of factors including poor stock market performances, higher retirement benefits given to public employees, increases in disability-related retirements, salary increases and longer life expectancy of retired employees.

This bill impacts counties that operate retirement systems subject to the County Employees' Retirement Act of 1937. Specifically, this measure allows retiring members to receive a lump sum payment in lieu of monthly payments and requires safety members be paid retroactively based on new enhanced safety member formulas.

By mandating these additional benefits, this bill puts yet another fiscal strain on local governments. This bill does not allow a local jurisdiction the option to make the decision to include prior year's service, instead it mandates the retroactive payment of the benefit.

As such, this bill represents another increase in local government employee benefits at a time when the ability for counties to pay higher contributions is in question.

Sincerely,

Arnold Schwarzenegger